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SUBJECT: PRESS MATERIAL
FOR SECRETARY AND WINSTON LORD

1. HEREWITH FULL TEXT LESLIE H. GELB FRONT PAGE BYLINER, WEDNESDAY, AUGUST 27, NEW YORK TIMES, HEADED "SOFTENING IS SEEN IN KISSINGER STAND ON POORER NATIONS", AND EXCERPTS FROM CHRISTIAN SCIENCE MONITOR LEAD EDITORIAL, WEDNESDAY, AUGUST 27, HEADED "A WORLD NEW DEAL?"

2. NEW YORK TIMES: WHEN SECRETARY OF STATE KISSINGER ADDRESSES THE UNITED NATIONS GENERAL ASSEMBLY NEXT WEEK, HIS AIDES EXPECT HIM TO TAKE A MORE CONCILIATORY STAND TOWARD DEMANDS FROM DEVELOPING NATIONS FOR A GREATER SHARE OF THE WORLD'S WEALTH.

3. (IN LIMA, THE DEVELOPING NATIONS APPEARED TO DRIFT CLOSER TO THE COMMUNIST COUNTRIES AS THE FOREIGN MINISTERS OF NEARLY 80 NONALIGNED COUNTRIES VOTED TO ADMIT NORTH
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VIETNAM, NORTH KOREA AND THE PALESTINE LIBERATION ORGANIZATION TO MEMBERSHIP IN THEIR GROUP.)

4. OFFICIALS FAMILIAR WITH THE CURRENT DRAFT OF MR.

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KISSINGER'S SPEECH, TO BE DELIVERED AT THE GENERAL

ASSEMBLY'S SPECIAL SESSION ON DEVELOPMENT, SAY IT CONTAINS CONCRETE PROPOSALS FOR A WORLD FOOD RESERVE SYSTEM, FOR MORE CREDITS AND LOWERED TARIFFS TO PROMOTE INDUSTRIALIZATION, FOR AID TO INCREASE FARM OUTPUT, FOR STEPS TO FINANCE BALANCE-OF-PAYMENTS DEFICITS AND FOR NEW INTERNATIONAL FACILITIES TO GUIDE SOME OF THESE ACTIVITIES.

5. MR. KISSINGER, ACCORDING TO OFFICIALS ACQUAINTED WITH HIS VIEWS, HAS COME TO THE VIEW THAT THE UNITED STATES MUST NO LONGER STAND AS THE SYMBOL OF RESISTANCE TO THE DEVELOPING NATIONS' GOAL OF AN EQUAL VOICE AND AN EQUITABLE SHARE OF THE WORLD'S RICHES.

6. GIVEN THE RECORD OF AMERICAN OPPOSITION TO THEIR DEMANDS SINCE THE ARAB OIL EMBARGO, AND IN VIEW OF THE EXTREME NATURE OF THE DEMANDS BY SOME OF THE DEVELOPING NATIONS, THE OFFICIALS WONDER WHETHER ANYTHING MR. KISSINGER CAN SAY WILL SATISFY THEM.

7. BECAUSE OF UNCERTAINTY OVER THE RESPONSE IN CONGRESS TO MR. KISSINGER'S NEW APPROACH, AIDES SAY HE HAS DIRECTED THAT AS MANY AS POSSIBLE OF THE PROPOSALS IN HIS SPEECH BE FRAMED SO THAT THEY WOULD NOT REQUIRE NEW LEGISLATION. MANY OF THE PROPOSALS IN THE CURRENT DRAFT CAN BE CARRIED OUT UNDER THE TRADE REFORM ACT OF 1974.

8. NOT HAVING TO SEEK CONGRESSIONAL APPROVAL ON CERTAIN MATTERS ALSO MEANS NOT HAVING TO DEPEND ON THE TREASURY DEPARTMENT, WHICH HAS TAKEN A JAUNDICED VIEW OF MANY OF MR. KISSINGER'S IDEAS. SUBORDINATES OF SECRETARY OF THE TREASURY WILLIAM E. SIMON, FOR EXAMPLE, LOBBIED ON CAPITAL HILL AGAINST MR. KISSINGER'S ANNOUNCED PROPOSALS ON ENERGY.
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9. IN DEALING WITH SUCH QUESTIONS AS ECONOMIC DEVELOPMENT AID AND FOOD AID, WHERE NEW LEGISLATION IS NECESSARY TO CARRY OUT HIS PLANS, MR. KISSINGER HAS BEEN MEETING PRIVATELY OVER THE LAST THREE MONTHS WITH KEY MEMBERS OF CONGRESS ENCOURAGING THEM TO DRAFT BILLS ALONG LINES THAT HE COULD NOT GET OTHER DEPARTMENTS IN THE ADMINISTRATION TO APPROVE.

10. ONE OF THE MAJOR ANNOUNCEMENTS MR. KISSINGER IS SAID TO WANT TO MAKE IN HIS SPEECH CONCERNS NEW PROVISIONS IN THE FOREIGN ECONOMIC AID BILL RECENTLY APPROVED BY THE HOUSE INTERNATIONAL RELATIONS COMMITTEE BUT OPPOSED BY THE OFFICE OF MANAGEMENT AND BUDGET AND BY THE TREASURY

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DEPARTMENT.

11. THE HOUSE COMMITTEE BILL WOULD ALLOW FOR PLOWING BACK LOAN REPAYMENTS AND FORGIVING REPAYMENT ON CREDIT FOOD SALES TO POORER NATIONS FOR THE PURPOSE OF STIMULATING THEIR FARM OUTPUT. THESE PROVISIONS COULD MAKE POSSIBLE HUNDREDS OF MILLIONS OF DOLLARS IN ADDITIONAL AMERICAN AID.

12. ADMINISTRATION OFFICIALS SAID THAT PRESIDENT FORD WOULD HAVE TO DECIDE THE ISSUE BEFORE MR. KISSINGER COULD INCLUDE THE ANNOUNCEMENT IN HIS SPEECH.

13. TO TRY TO INSURE ADMINISTRATION-WIDE SUPPORT FOR WHAT HE WILL PROPOSE, MR. KISSINGER HAS TAKEN THE UNUSUAL STEP OF AUTHORIZING HIS SUBORDINATES TO WORK WITH OTHER AGENCIES ON POLICY PAPERS AND PROPOSALS THAT WILL GO INTO HIS ADDRESS. IN THE PAST, ONLY A HANDFUL OF OFFICIALS HAD ANY IDEA OF WHAT MR. KISSINGER INTENDED TO SAY IN SUCH A MAJOR POLICY SPEECH.

14. HOWEVER, AS ONE TREASURY OFFICIAL PUT IT, "WE'RE ALL SEEING THE POLICY PAPERS, BUT HARDLY ANYONE IS SEEING THE ACTUAL SPEECH DRAFT, AND THE IMPORTANT THING IS EXACTLY HOW EACH PROPOSAL WILL BE PHASED."

15. MR. KISSINGER'S ADDRESS AT THE ASSEMBLY SESSION, UNCLASSIFIED

FORMALLY KNOWN AS THE SPECIAL SESSION ON DEVELOPMENT COOPERATION, WILL SUCCEED, STATE DEPARTMENT OFFICIALS HOPE, IN MARKING THE BEGINNING OF THE END OF A YEAR AND A HALF OF CONFRONTATION BETWEEN THE UNITED STATES AND THE SO-CALLED GROUP OF 77--ACTUALLY MORE THAN 100--DEVELOPING NATIONS.

16. DURING THIS PERIOD, THE UNITED STATES STOOD VIRTUALLY ALONE IN EITHER NOT ENDORSING OR IN OPPOSING THE MAJOR DOCUMENTS OF THE GROUP OF 77: THE DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER AND THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, BOTH APPROVED BY THE GENERAL ASSEMBLY LAST YEAR, AND THE LIMA DECLARATION ADOPTED BY THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION IN MARCH.

17. ADMINISTRATION OFFICIALS SAID THAT MR. KISSINGER BEGAN TO CHANGE HIS POSITION SEVERAL MONTHS AGO WHEN HE CAME TO THE REALIZATION THAT THE DEVELOPING WORLD COULD CAUSE POLITICAL AND ECONOMIC DIFFICULTIES FOR THE UNITED STATES AND THAT ANY CLAIMS BY WASHINGTON TO MORAL LEADERSHIP IN THE WORLD WOULD DEPEND ON UNITED STATES RESPONSIVENESS TO THE GOALS OF DEVELOPING NATIONS.

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18. DIPLOMATS WHO HAVE FOLLOWED THE ACTIVITIES OF DANIEL P. MOYNIHAN, THE NEW UNITED STATES REPRESENTATIVE AT THE UNITED NATIONS, OVER THE LAST FEW MONTHS FIND HIM CONCURRING IN THE GENERAL CHANGE IN ATTITUDE.

19. BEFORE ASSUMING THE UNITED NATIONS POST HE WROTE AN ARTICLE IN COMMENTARY MAGAZINE CALLING ON WASHINGTON TO "START RAISING HELL" WITH THE DEMANDS OF THE DEVELOPING NATIONS IN THE UNITED NATIONS. MORE RECENTLY, HE HAS STRESSED THAT THE UNITED STATES IS LISTENING TO THESE DEMANDS AND UNDERSTANDS THE DRIVE TO RE-ORDER THE ECONOMIC RELATIONSHIPS BETWEEN RICH AND POOR.

20. ONE ADMINISTRATION OFFICIAL HERE SAID: "KISSINGER'S SPEECH WILL NOT ACQUIESCE IN THEIR DEMANDS, BUT IT WILL BE AFFIRMATIVE IN ATTITUDE AND SPECIFIC IN ITS PROPOSALS."

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21. A KEY PROPOSAL ON THE CURRENT DRAFT OF THE SPEECH CONCERNS COMMODITIES AND RAW MATERIALS. THE DEVELOPING NATIONS, MANY OF WHICH DEPEND ON EXPORTS OF RAW MATERIALS FOR FOREIGN-EXCHANGE EARNINGS, HAVE BEEN INSISTING ON FIXED PRICES AND ACCUMULATION OF RESERVES TO PREVENT PRICE DROPS. THEY WANT TO NEGOTIATE ON OVER-ALL AGREEMENT ON COMMODITIES.

22. MR. KISSINGER'S NEW PROPOSAL WOULD SIDESTEP THE FOCUS ON COMMODITIES TO MAINTAIN FOREIGN EXCHANGE EARNINGS AND SET UP A PROCEDURE TO STABILIZE THE OVER-ALL BALANCE-OF-PAYMENTS DEFICITS OF PARTICULAR DEVELOPING COUNTRIES. OFFICIALS HINTED THAT THE INTERNATIONAL MONETARY FUND, WHICH IS ALREADY RUNNING A SIMILAR PROGRAM, WOULD BE ASKED TO UNDERTAKE THIS LARGER EFFORT.

23. OFFICIALS SAID THAT THIS WOULD NOT SUPERSEDE THE PREVIOUSLY ANNOUNCED POLICY OF DISCUSSING COMMODITY AGREEMENTS ON A CASE-BY-CASE BASIS.

24. ON A WORLD FOOD RESERVE SYSTEM MR. KISSINGER IS EXPECTED TO SAY THAT THE UNITED STATES WILL PARTICIPATE BY CAREFULLY MONITORING EXPORTS IN TIMES OF SHORTAGES RATHER THAN BY EXPORT CONTROLS. THIS IS NOT NEW, BUT OFFICIALS MAINTAINED THAT THERE WOULD BE OTHER ASPECTS TO THE PROPOSAL THAT WOULD BE NEW.

25. WHILE THE CONSENSUS WITHIN THE ADMINISTRATION HAS MOVED FROM CONFRONTATION TO CONCILIATION, THE BASIC JUDGMENT PERSISTS THAT MANY OF THE DEVELOPING NATIONS'

DEMANDS ARE INCONSISTENT WITH THEIR OWN INTERESTS AND

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THOSE NATIONS EXPECT TOO MUCH TOO SOON FROM THE INDUSTRIALIZED COUNTRIES. (END NEW YORK TIMES TEXT)

26. BEGIN EXCERPTS CHRISTIAN SCIENCE MONITOR LEAD EDITORIAL: IT CAN NO LONGER BE DELAYED. THE INDUSTRIAL NATIONS MUST CONFRONT THE CHALLENGE OF HOW TO MEET THE RISING DEMANDS OF THE "THIRD WORLD" FOR A BETTER ECONOMIC DEAL.

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27. THE DRIVE OF THE POOR NATIONS FOR A SO-CALLED "NEW INTERNATIONAL ECONOMIC ORDER" IS BEGINNING TO CRANK UP IN EARNEST. NEARLY 80 "NONALIGNED" NATIONS ARE MEETING NOW IN LIMA, PERU, TO COORDINATE ATTITUDES FOR A UNITED NATIONS SESSION ON ECONOMIC DEVELOPMENT BEGINNING SEPT. 1. LATER WILL COME TRADE NEGOTIATIONS IN GENEVA AND A RESUMED MEETING OF OIL CONSUMERS AND PRODUCERS IN PARIS.

28. IT IS FAR FROM CLEAR WHAT POSITIONS THE U.S. AND OTHER INDUSTRIAL NATIONS WILL ADOPT ON THESE AND OTHER COMPLEX ISSUES. THERE IS SOME ENCOURAGEMENT IN THE FACT THAT SECRETARY OF STATE HENRY KISSINGER HAS YIELDED TO THE DEVELOPING NATIONS AND AGREED TO BROADEN THE OIL CONFERENCE TO DISCUSS TRADE, RAW MATERIALS, AND POSSIBLY MONETARY REFORMS.

29. BUT IT IS NOT YET CERTAIN TO WHAT EXTENT WASHINGTON IS PREPARED TO BARGAIN ON THESE MATTERS AND TO MOVE TOWARD A WHOLE NEW SET OF NORTH-SOUTH RELATIONSHIPS. IN ANY EVENT, THE SECRETARY WILL HAVE AN OPPROTUNITY AT THE UN NEXT WEEK TO SET THE KIND OF TONE THAT WILL ENABLE THE RICH AND THE POOR TO MEET IN A SPIRIT OF CONSTRUCTIVE NEGOTIATION RATHER THAN CONFRONTATION. (END CHRISTIAN SCIENCE MONITOR TEXT) INGERSOLL

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